

**JERSEY CITY  
COMMUNITY CHARTER SCHOOL**

**AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE, AND PERFORMANCE**

**FISCAL YEAR ENDED JUNE 30, 2015**

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
 AUDITOR’S MANAGEMENT REPORT ON  
 ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
 JUNE 30, 2015**

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## REPORT OF INDEPENDENT AUDITORS

Honorable President and  
Members of the Board of Trustees of  
Jersey City Community Charter School  
County of Hudson, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Trustees of the Jersey City Community Charter School (the "Charter School") in the County of Hudson, New Jersey for the year ended June 30, 2015, and have issued our report thereon dated December 15, 2015.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Charter School's Board of Trustees, management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



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Barbara Siochi, CPA, CGMA  
Licensed Public School Accountant  
No. 20CS00260700



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BCA Watson Rice LLP  
Certified Public Accountants

Rutherford, New Jersey  
December 15, 2015

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
 AUDITOR'S MANAGEMENT REPORT ON  
 ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
 AS OF JUNE 30, 2015**

**SCOPE OF AUDIT**

The audit covered the financial transactions of the Board Secretary / School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Trustees, and the records of the various funds under the auspices of the Charter School Board of Trustees.

**ADMINISTRATIVE PRACTICES AND PROCEDURES**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed in Exhibit J-20 – Insurance Schedule, contained in the Charter School’s Comprehensive Annual Financial Report (“CAFR”).

**Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Bima Baje	School Business Administrator	\$200,000
Lenora Galleros	Treasurer of School Moneys	\$150,000

The Charter School also obtained \$100,000 coverage for Public Employee Dishonesty with Faithful Performance, per occurrence, covering all employees. The policy is underwritten by the New Jersey Educational Insurance Fund.

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING**

**Examination of Claims**

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certifications or supporting documentation.

**Payroll Account**

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees’ payroll deductions and employer’s share of fringe benefits were deposited in the Payroll Agency Account.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING – CONTINUED**

**Payroll Account – Continued**

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium withholding due to the general fund.

Payrolls were delivered to the Treasurer of School Moneys with a warrant made to her order for the full amount of each payroll.

**Employee Position Control Roster**

An inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

**Reserve for Encumbrances and Accounts Payable**

A review of issued outstanding purchase orders was made as of June 30, 2015, for proper classification of orders and reserve for encumbrances and accounts payable, and we noted no exceptions.

**Travel**

The Charter School's travel expenses represent costs of transportation services for student's field trips.

**Finding (2015-001)**

The Charter School did not have an approved travel policy for employees and board members as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

**Recommendations (2015-001)**

The board of trustees of the Charter School should adopt a travel policy that complies with N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

**Management's Response (2015-001)**

Travel Policy will be adopted in January 2016 board meeting.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING – CONTINUED**

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with the N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. We noted no deviations in expenditure or administrative coding classifications.

**Board Secretary's Records**

We noted that the Board Secretary and Treasurer's Reports for the period ended June 30, 2015 was submitted to the Charter School's Board of Trustees on July 14, 2015, and submitted to the County Executive July 28, 2015. The 2015 Audit Program issued by the State of New Jersey's Department of Education ("NJDOE") requires for the report to be submitted to the County Executive by August 1, 2015.

**Treasurer's Records**

There are no items reported on the Treasurer's Records.

**Elementary and Secondary Education Act ("E.S.E.A.)/Improving America's Schools Act ("I.A.S.A.") as Re-Authorized by the No Child Left Behind Act ("N.C.L.B.") of 2001**

The E.S.E.A. / N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I and VI of E.S.E.A. as amended and re-authorized.

The study of the compliance for E.S.E.A. indicated no areas of non-compliance and / or questionable costs.

**Other Special Federal and/or State Projects**

The Charter School's Projects were approved as listed on Schedules A and B located in the CAFR.

Our audit of federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING – CONTINUED**

**Other Special Federal and/or State Projects – Continued**

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects indicated the following areas of non-compliance:

**T.P.A.F. Reimbursement**

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for charter employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

**T.P.A.F. Reimbursement to the State for Federal Salary Expenditures**

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the charter school to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the charter school for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement. No exceptions were noted.

**SCHOOL PURCHASING PROGRAMS**

**Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the Statute, and school contracts in general is available on the website <http://www.state.nj.us/njded/pscl/index.html>.

Effective July 1, 2010, and thereafter, the bid threshold in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

The Charter School Board of Trustees has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where questions arise as to whether any contract or agreement might result in violation of the Statute, the Solicitor's opinion should be sought before a commitment is made.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**SCHOOL PURCHASING PROGRAMS – CONTINUED**

**Contracts and Agreements Requiring Advertisement for Bids – Continued**

Based on the results of our examination, we did not note any individual payments, contracts or agreements made for the performance of any work or goods or services in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S.A. 18A:18A-5.

**SCHOOL FOOD SERVICE**

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The Charter School entered into a Vended Meals Contract with the Piscataway School District effective July 1, 2014 to June 30, 2015. The agreement set the cost of vended meals to be \$1.50 for breakfast; \$2.50 for lunch, and \$0.70 for after-school snacks.

Vendor invoices were reviewed and costs verified.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications /or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.



**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**SCHOOL FOOD SERVICE – CONTINUED**

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

**STUDENT BODY ACTIVITIES**

No exceptions were noted during our review of student activity funds.

**ENROLLMENT COUNTS AND SUBMISSIONS TO THE DEPARTMENT**

Our audit procedures included a test of enrollment information reported on October 15, 2014 and June 30, 2015, the Charter School's last day of school for on-roll, special education and low-income students.

*Finding (2015-002)*

We noted the following during our review of the Charter School's enrollment records:

- Total enrolled days for all 604 students in the Charter School's register were different from the enrolled days uploaded in the Charter School Enrollment System ("CSES").
- The name of one student reported in the CSES does not agree with the name recorded in the school enrollment records.
- The grade level of 1 student reported in the CSES does not agree with the grade level reported in the school register.

*Recommendation (2015-002)*

We recommend for management to institute policies and procedures over the review and use of electronic information reported to the State of New Jersey's Charter School Enrollment System, because student enrollment is the source of data for charter school funding. Enrollment data reported to the State are to be verified for accuracy and completeness. Electronic information carried over from the State's database still need to be reviewed, and if necessary, updated to reflect correct and accurate student records and information.

*Management's Response (2015-002)*

Management will ensure that number of enrollment days will match the number of days projected in CHE. As of October 15, 2015, management has initiated an additional procedure to ensure accuracy of data submitted to DOE.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE  
– CONTINUED**

**FACILITIES AND CAPITAL ASSETS**

Our procedures included a review of policies and procedures adopted by the Charter School over its Capital Assets. We noted that acquisitions during the year met the capitalization threshold of \$2,000 set by the State of New Jersey's Department of Education for Charter Schools.

**FOLLOW-UP ON PRIOR YEAR FINDINGS**

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with the exception of two findings that were repeated in 2015 and included in this year's recommendations as item 2015-003. One of the findings was reported on both finding 2014-001 and 2014-002. The other finding was reported on finding 2014-004. The repeated findings refer to the following: a) discrepancy between the names of students reported in the CSES and the school register; and b) discrepancy between total enrolled days reported on the CSES and school register.

**ACKNOWLEDGEMENT**

We received the complete cooperation of all the officials of the Charter School and we greatly appreciate the courtesies extended to the members of our audit team.

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
(COUNTY OF HUDSON)  
SCHEDULE OF MEAL COUNT ACTIVITY  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER) UNDER CLAIM – FEDERAL  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Program</u>	<u>Meal Category</u>	<u>Meal Claimed</u>	<u>Meal Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
School Breakfast Program	Free	29,829	29,829	29,829	-	\$ 1.93	\$ -
	Reduced	3,953	3,953	3,953	-	\$ 1.63	-
	Paid	3,842	3,842	3,842	-	\$ 0.28	-
		<u>37,624</u>	<u>37,624</u>	<u>37,624</u>	<u>-</u>		<u>-</u>
National School Lunch	Free	63,709	63,709	63,709	-	\$ 3.00	-
	Reduced	8,740	8,740	8,740	-	\$ 2.60	-
	Paid	8,932	8,932	8,932	-	\$ 0.30	-
		<u>81,381</u>	<u>81,381</u>	<u>81,381</u>	<u>-</u>		<u>-</u>
After School Snacks		<u>9,148</u>	<u>9,148</u>	<u>9,148</u>	<u>-</u>	\$ 0.82	-
Net (Over) Underclaim							<u>\$ -</u>

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
(COUNTY OF HUDSON)  
SCHEDULE OF MEAL COUNT ACTIVITY  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER) UNDER CLAIM – STATE  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Program</u>	<u>Meal Category</u>	<u>Meal Claimed</u>	<u>Meal Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
State Lunch Program	Free	63,709	63,709	63,709	-	\$ 0.06	\$ -
	Reduced	8,740	8,740	8,740	-	\$ 0.06	-
	Paid	8,932	8,932	8,932	-	\$ 0.04	-
		<u>81,381</u>	<u>81,381</u>	<u>81,381</u>	<u>-</u>		
Net (Over) Underclaim						<u>\$ -</u>	

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
(COUNTY OF HUDSON)  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR CHARTER SCHOOL AID  
ENROLLMENT COUNT AS OF OCTOBER 15, 2015**

Grades	Submission	Reported on	Verified	Errors	Verified	Errors	Special Ed	Verified	Errors	Verified No. of	Errors	Low	Verified	Errors
	to DOE		Signed		No. of Days		and/or			Days Services		Income	Documentation	
	On Roll	Work Papers	Registration		Enrolled		Bilingual	Documentation		Provided			Documentation	
Kindergarten	67	67	33	0	32	1	1	1	0	1	0	25	22	3
Grade 1	70	67	35	3	34	1	3	3	0	3	0	30	27	3
Grade 2	67	67	33	0	32	1	4	4	0	4	0	29	29	0
Grade 3	67	67	33	0	32	1	7	7	0	7	0	32	32	0
Grade 4	69	67	35	2	34	1	12	12	0	12	0	26	25	1
Grade 5	68	66	34	2	33	1	6	6	0	6	0	30	30	0
Grade 6	66	64	33	2	32	1	4	4	0	4	0	31	30	1
Grade 7	67	66	34	1	33	1	9	9	0	9	0	19	19	0
Grade 8	63	63	32	0	31	1	10	10	0	10	0	15	15	0
Total	604	594	302	10	293	9	56	56	0	56	0	237	229	8
Percentage				<u>3.31%</u>			<u>3.07%</u>		<u>0.00%</u>		<u>0.00%</u>			<u>3.49%</u>

**JERSEY CITY COMMUNITY CHARTER SCHOOL  
(COUNTY OF HUDSON)  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR CHARTER SCHOOL AID  
ENROLLMENT COUNT AS OF JUNE 19, 2015 (LAST DAY OF SCHOOL FOR 2015)**

<u>Grades</u>	<u>Submission to DOE On Roll</u>	<u>Reported on Work Papers</u>	<u>Verified Signed Registration</u>	<u>Errors</u>	<u>Verified No. of Days Enrolled</u>	<u>Errors</u>	<u>Special Ed and/or Bilingual</u>	<u>Verified Documentation</u>	<u>Errors</u>	<u>Verified No. of Days Services Provided</u>	<u>Errors</u>	<u>Low Income</u>	<u>Verified Documentation</u>	<u>Errors</u>													
Kindergarten	67	67	34	0	33	1	1	1	0	1	0	26	26	0													
Grade 1	70	70	35	0	34	1	3	3	0	3	0	33	33	0													
Grade 2	67	67	34	0	33	1	4	4	0	4	0	27	27	0													
Grade 3	67	66	34	1	33	1	7	7	0	7	0	30	29	1													
Grade 4	67	67	34	0	33	1	12	12	0	12	0	28	27	1													
Grade 5	70	69	34	1	33	1	6	6	0	6	0	28	27	1													
Grade 6	65	65	33	0	32	1	4	4	0	4	0	29	28	1													
Grade 7	66	66	33	0	32	1	9	9	0	9	0	24	24	0													
Grade 8	63	63	31	0	30	1	10	10	0	10	0	27	25	2													
Total	<u>602</u>	<u>600</u>	<u>302</u>	<u>2</u>	<u>293</u>	<u>9</u>	<u>56</u>	<u>56</u>	<u>0</u>	<u>56</u>	<u>0</u>	<u>252</u>	<u>246</u>	<u>6</u>													
Percentage				<u>0.66%</u>					<u>3.07%</u>					<u>0.00%</u>					<u>0.00%</u>								<u>2.44%</u>